

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
FEA-01 /106 R

DRAFTED BY EB/OT/GCP:RLANDERS:RMA
APPROVED BY EB/OT/GCP:SAHMAD
ARA/BC:RDRISCOLL
COMMERCE:RRODRIGUEZ
STR:BSTEINBOCK
TREASURY:EFROST (SUBSTANCE)

----- 113973 /72-61

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FM SECSTATE WASHDC
TO AMEMBASSY SANTIAGO
INFO USDEL MTN GENEVA
AMEMBASSY MADRID

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E.O. 11652:N/A

TAGS:ETRD, CI

SUBJECT: CHILEAN RESTRICTIONS ON THE IMPORTATION OF TRUCKS:
MACK TRUCK'S COMPLAINT

REF: A. SANTIAGO 8653 B. STATE 180772 C. SANTIAGO 11463

1. WASHINGTON APPRECIATES EMBASSY EFFORTS ON BEHALF OF
MACK TRUCK AND G.M. REPORTED REFTELS A AND C. FYI WE DOUBT
CHILE'S CLAIM PER PARAGRAPH 4 REFTEL A THAT, BECAUSE THEY
DISCRIMINATE IN FAVOR OF A PARTICULAR SPANISH TRUCK
MANUFACTURER RATHER THAN ALL SPANISH TRUCK MANUFACTURERS,
THEY ARE NOT IN VIOLATION OF THEIR INTERNATIONAL OBLI-
GATIONS. END FYI. WE ARE CURRENTLY CONSIDERING COURSES
OF ACTION WHICH MAY BE OPEN TO US, E.G., A GATT COMPLAINT.

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2. HOWEVER, WE NEED FURTHER CLARIFICATION OF THE REASON

FOR AND NATURE OF THE CHILEAN DISCRIMINATION IN FAVOR OF PEGASO. IN PARTICULAR WE WOULD APPRECIATE EMBASSY SANTIAGO COMMENT ON THE APPARENT CONTRADICTION BETWEEN PARAGRAPH 2 REFTEL A AND PARAGRAPH 1 REFTEL B. IF EXPLANATION IN PARAGRAPH 2 REFTEL A IS ACCURATE, I.E., IF THE GOC IS JUSTIFYING ITS ACTION ON GROUNDS OF HONORING AN INTERNATIONAL COMMITMENT BY ITS PREDECESSOR GOVERNMENT, WE WOULD APPRECIATE MORE DETAILS IN ORDER TO EVALUATE THAT CLAIM IN LIGHT OF THE GOC POSITION VIS-A-VIS ITS INTERNATIONAL OBLIGATIONS UNDER GATT. WHAT WERE THE ORIGIN AND NATURE OF THE ORIGINAL AGREEMENT, WHAT ARE THE DETAILS OF THE INDEMNIFICATION AND HOW MUCH FLEXIBILITY DOES THE GOC HAVE IN TERMS OF THE TIME PERIOD OVER WHICH THE 4200 PEGASO TRUCKS ARE TO BE IMPORTED?

3. IF PER REFTEL A THE INDEMNIFICATION AGREEMENT WAS REACHED IN 1976, WHY DID IT ASSUME AN IMPORT LEVEL OF 1500 TRUCKS PER YEAR WHEN THE DECLINE IN IMPORTS TO THE CURRENT 800 LEVEL MUST HAVE BEEN CLEARLY DISCERNIBLE? IF

THE ESTIMATE WAS UNEXPECTEDLY IN ERROR BY SUCH A MAGNITUDE, WHAT ARE THE POSSIBILITIES OF GETTING PEGASO'S AGREEMENT TO CHANGE THE TERMS OF THE INDEMNIFICATION?

4. WHAT VALIDITY IS THERE TO THE CLAIM IN PARAGRAPH 1 REF B THAT SPAIN GRANTED A 71 MILLION DOLLAR CREDIT IN 1975 FOR THE PURCHASE OF SPANISH TRUCKS? IF THIS CLAIM IS TRUE, TO WHAT EXTENT IN THE EMBASSY'S JUDGMENT IS THE GOC WILLINGNESS TO SEEK ALTERATION IN THE TERMS OF INDEMNIFICATION AFFECTED BY THIS FACTOR?

5. WHAT EXPLANATION DID THE GOC GIVE FOR THE RESTRICTIVE MEASURES REPORTED PARAGRAPH 1 OF REFTEL C? UNDER WHICH ARTICLE(S) DO THEY INTEND TO NOTIFY THE MEASURES TO THE GATT?

6. THE EMBASSY SHOULD USE ITS DISCRETION IN SEEKING SPECIFIC ANSWERS TO THESE QUESTIONS FROM THE GOC BUT MAY WISH TO POINT OUT OUR LEGITIMATE INTEREST IN THIS MATTER IF WE ARE TO EVALUATE THE GOC CLAIM VIS-A-VIS ITS LIMITED OFFICIAL USE

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INTERNATIONAL OBLIGATIONS. KISSINGER

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